



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Hilda L. Solis
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Michael D. Antonovich
Commissioners

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 14, 2016

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

3-D

June 14, 2016

LORI GLASGOW
EXECUTIVE OFFICER

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**FISCAL YEAR 2016-2017 BUDGETS OF THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Fiscal Year (FY) 2016-2017 Community Development Commission of the County of Los Angeles (Commission) and the Housing Authority of the County of Los Angeles (Housing Authority) recommended Budgets totaling \$466,367,100 reflect an increase of \$35,573,800 or 8.3% from the FY 2015-2016 budget of \$430,793,300.

The increase is primarily due to greater activity in support of affordable housing in the amount of \$10,119,800. The increase also reflects an additional \$13,173,200 for construction projects that the Commission is administering on behalf of the County, primarily in the Second and Fourth Supervisorial Districts. Improved lease-up levels and higher per unit costs, including administrative funding and additional Veterans Affairs Supportive Housing Program (VASH) vouchers, contributed to the \$11,693,600 increase in the Housing Choice Voucher program, including use of prior years' surplus funds from the U.S. Department of Housing and Urban Development (HUD).

Funding in the amount of \$6,500,000 was included for Economic Development Activity that the

Commission will be administering with funding provided from the County. Capital Fund increased by \$1,630,900 due to increased carryover from prior year projects. These increases were offset by reductions in the Lennox Sound Attenuation funding of \$3,906,200 due to reduced funding from Los Angeles World Airports (LAWA) and Federal Aviation Administration (FAA). Community Development Block Grant (CDBG) decreased by \$3,543,700 due to use of prior year grant funds and reduction in the overall grant amount.

Over the past 6 years, the Commission and Housing Authority have faced continual reductions in funding resources both locally and primarily from the federal government. FY 2016-2017 reflects a slight increase from last year and the hope is that funding for our much needed programs will continue to improve. Despite the setbacks that our agency has faced, we continue to develop innovative and efficient methods to manage our available resources, by not only maintaining but striving to improve our level of service to the homeless and low-income residents of the County of Los Angeles. As an agency, we continue to thrive throughout these ongoing challenges and are submitting to you a balanced budget which continues to reflect our mission of Building Better Lives and Better Neighborhoods.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Adopt and instruct the Chair to sign a Resolution (Attachment A) approving the \$466,367,100 FY 2016-2017 Budget, which includes \$130,845,700 in Community Development Commission funding and \$335,521,400 in Housing Authority funding.
2. Instruct the Executive Director, or his designee, to implement the Commission's FY 2016-2017 Budget and take all related actions for this purpose, including execution of all required documents.
3. Find that the approval of the Commission's FY 2016-2017 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chair to sign a Resolution (Attachment B) approving the Housing Authority's FY 2016-2017 Budget, which includes revenues and expenditures of \$335,521,400.
2. Adopt and instruct the Chair to sign the Transmittal Resolution (Attachment C) certifying submission of the Housing Authority's FY 2016-2017 Budget, by your Board, to HUD.
3. Instruct the Executive Director, or his designee, to implement the Housing Authority's FY 2016-2017 Budget and take all related actions for this purpose, including execution of all required documents.
4. Find that the approval of the Housing Authority's FY 2016-2017 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to establish new fiscal year appropriation authority for the Commission and the Housing Authority for operations and activities.

FISCAL IMPACT/FINANCING

The combined FY 2016-2017 Budgets include \$67,150,823 in County funds; this reflects an increase of \$34,352,921 from FY 2015-2016, primarily due to construction timing and completion of prior year capital projects that the Commission is administering on behalf of the County. Of the \$67.2 million in County funds, \$35.1 million is related to various capital projects in the First, Second and Fourth Supervisorial Districts, \$13.8 million is in support of Affordable Housing, and \$8 million is in support of various homeless assistance projects. FY 2016-2017 includes a new County allocation of \$6.5 million in support of various Economic Development Activities. The South Whittier Community Resource Center, which provides comprehensive, integrated and accessible services to youth and families in unincorporated South Whittier, includes \$1.4 million in County funds for continued operational expenses, as well as development for the replacement of the existing modular trailers with permanent structures. The remaining \$2.4 million is mainly in support of Community Policing, the University of California Cooperative Extension Program, and other countywide initiatives.

A total of \$59.3 million in other reserve funds is being budgeted for FY 2016-2017, primarily from the County, with \$33.6 million in prior year's reserves for active construction projects that the Commission is administering on behalf of the District Offices. The Section 8 Program is projecting to use \$12.1 million of Prior Year Housing Authority reserves primarily HUD held program funds to help maintain lease up levels and to cover any administrative funding shortfall from HUD for FY 2016-2017. The Commission has included \$7.8 million in general fund reserves to cover the acquisition or relocation of the existing Antelope Valley Section 8 Administrative office, as well as any recognized shortfall in retiree medical expenses, excess legal fees, and other high priority agency expenses. The remaining reserves are funds allocated in support of rehabilitation at Lancaster Homes, Nueva Maravilla, and various Housing Management priorities.

BUDGET OVERVIEW:

The combined FY 2016-2017 Budget of \$466,367,100 includes \$130,845,700 for the Commission and \$335,521,400 for the Housing Authority. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. Over half of the budget is in support of the Section 8 Housing Choice Voucher (HCV) program for low-income families, seniors, disabled persons and Veterans. Local revenue sources include County funds, public housing rental income, and other grants received in support of housing.

COMMUNITY DEVELOPMENT COMMISSION:

In FY 2016-2017, the Commission's programs will be supported by three primary funding sources: State and County Revenue (inclusive of reserves from Construction Projects), Community Development Block Grant (CDBG) funds, and Sound Attenuation Grants.

State and County Revenue is budgeted at \$35.8 million, which consists primarily of \$12.2 million in Affordable Housing Program Funds in support of permanent financing of affordable and Homeless-Special Needs housing units. This total also includes \$6.5 million in support of various economic development activities, and \$3.2 million in support of the Traffic Administration Services Program, which is funded by revenues generated at courthouses throughout Los Angeles County. Other County funds include various Homeless Program Initiatives as well as construction and operating funds in support of the South Whittier Community Resource Center. In addition, \$33.6 million in County funds are budgeted under reserves for prior year funds received from the ongoing construction that the Commission is overseeing on behalf of the County.

The FY 2016-2017 CDBG Program is budgeted at \$28.3 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. The annual allocation is \$20.6 million, which is \$500,000 less than in FY 2015-2016. This downward trend is due to continuous funding cuts at the federal level. CDBG funds will be used by the Commission, the Housing Authority, 47 participating cities, six County departments, 28 community-based organizations and other public agencies, such as school districts.

Sound Attenuation Grants for the Residential Sound Insulation Program (RSIP) are budgeted at \$10.4 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

HOUSING AUTHORITY:

The Housing Authority is the second largest Housing Authority in Southern California and continues to be a HUD rated High Performing Agency. Operating with a \$335.5 million budget for over 25,000 Section 8 Housing Choice Vouchers/Certificates and more than 3,200 Public and Affordable Housing Units, we provide affordable rental housing for low income families and elderly persons.

In FY 2016-2017, the Housing Authority's programs will be supported by two major funding sources: Housing Assistance Revenue and Public Housing Program Funds.

The Housing Assistance Revenue is budgeted at \$279 million, and will be used to provide administrative support and rental assistance for over 25,000 low- and very-low income families and seniors, including the Kings Road and Lancaster Homes project-based Section 8 developments.

The Public Housing Program funding is budgeted at \$20.3 million, and is comprised primarily of \$11.9 million in rent revenues and \$8.4 million in operating subsidies. These funds are used to manage and maintain 2,962 public housing units, and to provide resident services.

The Housing Authority budget also includes \$1,500,000 in County General funds for the continued support of The University of California Cooperative Extension Program, South County Family sites, and the Housing Authority Community Policing Program.

STAFFING:

The Commission and Housing Authority budgets include 581 Full Time Equivalent (FTE) employees, with 551 regular and 30 contract positions. This is an increase of eight FTE, primarily for the Assisted Housing Division to maximize their lease up. The positions will be funded by additional revenue in the HCV special programs unit including increased funding from the VASH allocation of additional vouchers.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. FY 2016-2017 marks the sixteenth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The FY 2016-2017 operating budget includes \$6.1 million in Housing Authority capital projects for 4 continuing and 5 new projects.

On May 24, 2016, your Board approved the 2016-2017 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and Emergency Solutions Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed FY Budgets.

Adoption of the attached Resolutions approving the FY 2016-2017 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify the Housing Authority's operating budget. This letter also recommends authority for the Executive Director to execute any other documents for implementation of the budget, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

County Counsel has approved the attached Resolutions as to form. On April 27, 2016, the Housing Commission recommended approval of the Housing Authority's FY 2016-2017 Budget and related actions.

ENVIRONMENTAL DOCUMENTATION

Approval of the Commission and Housing Authority's FY 2016-2017 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the FY 2016-2017 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

The Honorable Board of Commissioners

6/14/2016

Page 6

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:kar

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

RESOLUTION APPROVING THE 2016-2017 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2016-2017 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$466,367,100

Expenditure and Reserve Appropriations: \$466,367,100

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 14th day of June, 2016.

ATTEST:

LORI GLASGOW
Executive Officer-Clerk of the
Board of Commissioners

HILDA L. SOLIS
Chair, Board of Commissioners

By: Lachelle Smitherman
Deputy

By: Hilda F. Solis

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Bethany Jackson
Deputy



RESOLUTION APPROVING THE FISCAL YEAR 2016-2017
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2016-2017 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low- and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2016-2017, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding

\$335,521,400

Expenditure and Reserve Appropriations:

\$335,521,400

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this 14th day of June, 2016.

ATTEST:

LORI GLASGOW
Executive Officer-Clerk of the
Board of Commissioners

HILDA L. SOLIS
Chair, Board of Commissioners

By: *Rachelle Smitherman*
Deputy

By: *Hilda F. Solis*

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: *Bethany Jackson*
Deputy



PHA Board Resolution

Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

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This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of The County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2016

Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on: 06/14/2016
- ☐ Operating Budget submitted to HUD, if applicable, on: _____
- ☐ Operating Budget revision approved by Board resolution on: _____
- ☐ Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name:	Signature: <i>Hilda F. Solis</i>	Date:
Hilda L. Solis		06/14/2016

ATTEST: LORI GLASGOW
EXECUTIVE OFFICER

Previous editions are obsolete. CLERK OF THE BOARD OF SUPERVISORS

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By *Lachelle Smith*, Deputy